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ASCS PRODUCTION ADJUSTMENT PROGRAMS

CONSENT CEMENT WAREHOUSE

Congress has authorized a number of programs which include the objective of helping to adjust the production and marketing of farm crops. Adjustments recommended may be either upward or downward. Among those currently administered by the Agricultural Stabilization and Conservation Service are:

1. Acreage allotments and marketing quotas. In accordance with the provisions of the Agricultural Adjustment Act of 1938 and its later amendments, allotment-quota programs for 1967 crops are in effect for four of the six so-called "basic" crops -- cotton, rice, peanuts, and most types of tobacco -- and allotments are in effect for wheat; special legislation exempts 1967-crop wheat from quotas. Quotas were never in effect for corn, the other basic crop, and the quota authority for corn was repealed in 1954; corn allotments were ended with the 1958 crop. No marketing quota program can be put into effect without the approval of at least two-thirds of the producers voting in a national referendum. A special marketing quota program for tobacco provides poundage quotas as well as acreage allotments when approved by more than two-thirds of the farmers voting in a referendum.
2. Voluntary diversion programs. As authorized by the Food and Agriculture Act of 1965, these programs seek to divert acreage from crop production into an approved conserving use. Such programs are in effect for 1967 crops of feed grains (corn and grain sorghum) and upland cotton.
3. The Cropland Adjustment Program. This program seeks to shift cropland producing crops of which there are actual or potential surpluses into long-term conservation, recreational, and open space uses, for both farm and nonfarm benefit.
4. The Cropland Conversion Program. This program, being conducted on a pilot basis, represents a new approach to the problem of production adjustment by encouraging -- under long-term agreements -- the conversion of acreage from unneeded crop production into alternative income-producing uses such as grass and trees, or recreational or wildlife developments.
5. The Conservation Reserve of the Soil Bank. Under this program, specific acreages of cropland are held out of production under long-term contracts. The program for 1960 was the last under which additional acreage could be signed up.

6. The Sugar Program. This program includes the establishment of acreage "proportionate shares," allotted to farms producing sugar beets or sugarcane when necessary to assure each producer a fair share of the national acreage limitations for the crops. Proportionate shares will not be in effect for the 1967 sugar beet crop, but they will be used in the mainland sugarcane producing area.

ALLOTMENTS AND QUOTAS

Both acreage allotments and marketing quotas seek to adjust production. Acreage allotments, used alone, are primarily guides, providing inducements for compliance but no monetary penalties for noncompliance. If allotments alone are in effect, a farmer who harvests excess acres usually loses the privilege of taking part in the price-support programs available for the crop and -- in the case of wheat for all years except during the period 1965-69 provided a voluntary diversion or certificate program is in effect -- his future farm wheat allotments are reduced; there is no penalty on the excess production unless quotas also are in effect.

Marketing quotas can be used with acreage allotment programs under conditions of heavy supply when a two-thirds majority of voting producers approve. When quotas are in effect, all producers who are not covered by certain exemptions are subject to monetary penalties on production or marketings from their excess acreage if the acreage exceeds the farm allotment. (The crop produced on the farm-allotment acreage thus may be considered as the farm quota except under a tobacco acreage-poundage program, which provides poundage quotas as well as acreage allotments.) They also usually lose price-support privileges.

Under the controlling legislation, marketing quotas can be applied only to the basic crops mentioned above. There is no comparable limitation with regard to acreage allotments, but allotments for 1967 crops are in effect only for the five crops. While the feed grain voluntary diversion program has no "allotments" as such, it operates in a similar manner, since it seeks to guide the crop acreage according to a specific percentage of the "base acreage."

Because eligibility for price support is usually dependent upon compliance with any allotment or acreage-reduction programs which are in effect, a brief review of price-support provisions is given later in this background statement.

ALLOTMENT-QUOTA HISTORY

Base acreages were first used in connection with the programs carried out under the Agricultural Adjustment Act of 1933, under which farmers contracted with the Federal Government to adjust production. Beginning in 1936, allotments were established under the Agricultural Conservation Program for certain "soil-depleting" crops in an effort to encourage farmers to produce in accordance with requirements for food and fiber. In 1938, the basic legislation (Agricultural Adjustment Act of 1938) was enacted, providing current programs of acreage allotments and marketing quotas for most of the allotment crops. The legislative

section on peanuts was added to the Act in 1941. New provisions were authorized by later legislation for wheat, feed grains, and upland cotton.

PREWAR

Acreage allotments, which the Agricultural Adjustment Act of 1938 directed to be proclaimed each year, were used for basic crops from 1938 to 1943. During these years, marketing quotas were also used for cotton, wheat, peanuts, and tobacco, though not every year for the crops other than cotton.

WAR ADJUSTMENTS

With the beginning of World War II, the situation changed. While production of basic crops continued large, demand for most commodities far exceeded available supplies. Acreage allotments for corn and cotton were at first relaxed and then lifted entirely, together with allotments for wheat and rice; during the year 1943, marketing quotas were terminated for the 1942 crop of wheat and for 1943 crops of wheat, cotton, fire-cured and dark air-cured tobacco, and peanuts. From 1943 to 1949, allotments were not used as a part of the farm program except in connection with marketing quotas for certain kinds of tobacco, which were covered by special legislation during the war years. Marketing quotas were proclaimed and approved for the 1948 crop of peanuts, but were later terminated because of the world shortage of foods, fats, and oils.

POSTWAR

From 1949 through 1967 acreage allotments only (marked "A") and marketing quotas, operating through allotments, (marked "Q") were in effect for the basic crops as follows:

	1949	'50 ^{1/}	'51	'52	'53	'54	'55	'56	'57-'58	'59-'63	'64-'67
Wheat (for 1956-'63 crops, effective only in commercial wheat States).....	A	A ^{2/}				Q	Q	Q	Q	Q	A
Cotton (upland).....	Q					Q	Q	Q	Q	Q	Q
Cotton (extra long staple).....						Q	Q	Q	Q	Q	Q
Rice.....	A	A ^{2/}					Q	Q	Q	Q	Q
Peanuts.....	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Tobacco, major types.....	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Corn (in commercial counties)	A ^{1/}	A ^{2/}				A	A	A ^{3/}	A	4/	4/
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- 1/ In 1950, allotments were also in effect for dry beans and potatoes (commercial); corn allotments were effective only in the "commercial corn area," defined by law.
- 2/ For 1951, wheat and rice allotments were in effect for a time, but were terminated early in 1951; corn allotments were terminated before announcement of the actual allotment.
- 3/ Allotments used only in connection with price-support determination; superseded by larger "base acreages" for commercial corn-producing area.
- 4/ Growers voted to end corn allotments in a Nov. 25, 1958 referendum. A voluntary feed grain acreage diversion program was in effect for corn (with grain sorghum) in 1961, and for corn (with grain sorghum and barley) in 1962, 1963, and 1964. A similar program is authorized for 1965-69 feed grain crops.

CURRENT

For 1967, both allotments and quotas are in effect for all basic crops except wheat and corn -- they no longer apply to corn since growers voted in November 1958 to eliminate corn acreage allotments and special legislation exempts 1965-69 wheat crops from quotas. However, allotments are in effect for 1967-crop wheat as a means of determining eligibility for the available price-support loans and certificates, and "permitted acreages" operate in much the same way for corn (and grain sorghum) under the 1967 feed grain program. (See p. 8 for explanation on wheat program and p. 10 for diversion program for corn and grain sorghum.)

National acreage allotments for 1967 crops are: Wheat, 68.2 million acres; cotton (upland), 16 million acres (plus 200,000 acres as a national reserve to take care of minimum farm allotments); cotton (extra long staple), 70,500 acres; peanuts, 1,610,000 acres; rice, 2,000,052 acres; tobacco - flue-cured (types 11-14), 607,335 acres; burley (t.31), 250,153 acres; fire-cured (t.21), 9,405 acres; fire-cured (t.22-23), 26,744 acres; dark air-cured (t.35-36), 12,746 acres; Virginia sun-cured (t.37), 2,829 acres; cigar binder (t.51-52), 4,396 acres; cigar filler and binder (t.42-44, 53-55), 19,837 acres.

Legislation enacted in the spring of 1964 provided for the first time for a national "domestic allotment" for upland cotton. For 1967, the domestic allotment has been announced at 10,425,000 acres (65 percent of the national allotment).

Early in 1965, legislation authorized acreage-poundage marketing quota programs for tobacco when approved by more than two-thirds of the growers voting in a special referendum as a means of avoiding further acreage cuts because of increased yields. (See p. 6.) This program is in effect for 1967 flue-cured tobacco, but it was turned down by burley tobacco growers in 1966 and 1967.

HOW ACREAGE ALLOTMENTS WORK

The Secretary of Agriculture proclaims acreage allotments for rice each year unless they are suspended because of emergency conditions. Allotments for cotton, peanuts, and tobacco (and for wheat in years when quotas are proclaimed) are announced in connection with marketing quotas.

The rice acreage allotment must be announced by December 31. See "How Marketing Quotas Work," p. 7 for dates of announcements on other crops.

METHOD OF APPORTIONING ALLOTMENTS

The first step under an allotment program is to establish the national acreage allotment. For rice, this is done directly; for wheat, cotton and peanuts, it is done indirectly; for tobacco, no national acreage allotment as such is determined.

For rice, a national acreage allotment is established which, at average yields, would produce enough, together with the estimated carryover, for domestic consumption, exports, and reserve supplies. For cotton and peanuts (and for wheat

in years when quotas are proclaimed), a national marketing quota (the amount of the crop to be produced the following year) is first proclaimed and then converted into a national acreage allotment. (For rice, cotton, and peanuts legislation provides minimums below which the allotment -- or quota -- may not be established, regardless of the amount needed.)

These national allotments are divided among the States producing the commodities, generally on the basis of production history.

The method for dividing the State allotments among farms varies according to the commodity. State allotments for peanuts are apportioned directly among individual farms. State allotments for some rice States are allocated first to rice producers and then to farms. State allotments for wheat, cotton, and certain rice States, are apportioned first among counties and then the county allotment is apportioned among farms.

In the case of tobacco, a national marketing quota is proclaimed, divided among tobacco-producing States, and converted to State acreage allotments, which are then divided among farms in the State.

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Keeping the farm acreage of the crop within the acreage allotment is generally necessary in order to qualify for price support. However, the Secretary of Agriculture is directed to provide a reasonable period of time before harvest within which any acreage of a basic crop in excess of the allotment for the crop may be adjusted by the farmer to the farm's acreage allotment.

A similar provision includes keeping the acreage within farm permitted acres and meeting other provisions of the feed grain diversion program as a condition of price-support eligibility for corn and grain sorghum.

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(See also Wheat Program, p. 8; Feed Grain Program, p.10.)

HOW MARKETING QUOTAS WORK

The Secretary of Agriculture is directed by law to proclaim marketing quotas generally when supplies of a basic crop are excessive. The level at which quotas must be proclaimed for most of the crops is specified by law. (See p. 7.)

Two exceptions to this rule are: (1) Marketing quotas must be proclaimed each year for peanuts, without regard to the supply situation; and (2) if quotas are once proclaimed for a particular kind of tobacco because of large supplies, legislation requires that quotas be proclaimed for 3 years for that kind of tobacco and that the amount of the quota for the first year of such 3-year period be announced. (If tobacco growers have disapproved quotas for 3 years in succession, quotas which would be in effect within the 3-year period for which quotas were disapproved may not be proclaimed unless, prior to November 10 of the marketing year, one-fourth or more of the farmers engaged in production of such tobacco petition the Secretary to proclaim quotas.)

In most cases, quotas may not be used unless at least two-thirds of the eligible producers voting in a referendum approve their use. (Usually, an eligible producer is one who engaged in the production of the crop during the previous year.) Approval by "more than two-thirds" of the voters is required to put acreage-poundage tobacco quotas into effect.

For tobacco and peanuts, the vote is on quotas for 3 years; if growers vote disapproval of quotas, another referendum on 3-year quotas will be held the following year. (For exception to this rule for tobacco, see second paragraph in this section.) A 3-year vote on wheat quotas is authorized, but only 1-year votes have been held. For other crops, the vote is on quotas for 1 year.

Provision is made for increasing, suspending, or terminating quotas under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

Quotas seek to limit the marketing of the commodity during the marketing year by placing penalties of so much per pound or per bushel on marketings in excess of the quota. The crop grown on the farm allotment acreage may be considered as the farm quota. (In the case of cotton and rice and wheat when quotas are in effect, the amount of the crop considered to be excess may be adjusted in the event of unusually low yields.)

Under an acreage-poundage tobacco marketing quota program, a farm's penalty-free marketings may be 10 percent (20 percent the first year for burley) more than the farm's poundage quota. Any marketings in excess of the farm's quota will be deducted from the quota for the following year; if less than the poundage quota is marketed in any year, the difference will be added to the farm's quota (both acres and pounds) for the following year. (Price support is available on the farm's penalty-free tobacco if the harvested acreage for the farm is kept within the acreage allotment.)

For rice (and for wheat in years when quotas are in effect), the producer may postpone or avoid a marketing quota penalty by delivering the "excess" of the crop to the Secretary of Agriculture or storing it in accordance with applicable regulations. Somewhat similar storage provisions are provided by law for tobacco.

(If growers disapprove quotas, price supports for most basic crops may be made available to producers who do not exceed their acreage allotments only at 50 percent of parity and to noncooperators at such levels, not in excess of the level for cooperators, as the Secretary determines will facilitate the effective operation of the program. If tobacco quotas are disapproved, no price support may be made available for the particular kind and crop for which quotas were disapproved.)

The level of supply of the various basic crops at which marketing quotas must be proclaimed, and the dates of the proclamation and the referendum are as follows:

<u>Crop</u>	<u>Proclamation Supply Level</u>	<u>Proclamation Date</u>	<u>Referendum Date</u>
	<u>In excess of:</u>	<u>Not later than:</u>	
Cotton (upland)	Normal supply	Oct. 15	Not later than Dec. 15
Cotton (extra long staple)	Normal supply plus 8%	Oct. 15	Not later than Dec. 15
Peanuts	Proclaimed each year: supply does not govern	Nov. 30	Not later than Dec. 15
Rice	Normal supply	Dec. 31	Within 30 days
Tobacco	Reserve supply (normal supply plus 5%) <u>1/</u>	Dec. 1 (flue- cured) Feb. 1 (Others)	Within 30 days Within 30 days
Wheat	When determined by the Secretary to be excessive in the absence of marketing quotas (not applicable to 1966-69 crops)	April 15	Not later than August 1

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1/ Since quotas have been proclaimed previously for each major kind of tobacco, legislation requires that quotas be announced each year without regard to the supply level. (See also page 5, second paragraph under "How Marketing Quotas Work.")

Through the years, a total of 156 marketing quota referendums have been held (as of March 3, 1967), 24 of which turned down the quotas (22 tobacco, 1 rice, 1 wheat). Latest referendums on marketing quotas for basic crops were held on the following dates, with the results indicated:

<u>CROP</u>	<u>DATE</u>	<u>TOTAL VOTES</u>	<u>PERCENT "yes" OF TOTAL VOTES CAST</u>
Cotton, upland ('67 crop)	Dec. 5-9, 1966	301,442	91.6
Cotton, extra long staple ('67 crop)	Dec. 5-9, 1966	2,813	78.4
Wheat ('64 crop)	May 21, 1963	1,222,856	47.8 <u>1/</u>
Rice ('67 crop)	Jan. 3-5, 1967	11,661	88.0
Peanuts ('66-'68 crops)	Nov. 23, 1965	36,413	97.5
Tobacco:			
Flue-cured ('65-'67 crops)(acreage-poundage program)	May 4, 1965	229,880	73.6
Burley ('65-'67 crops) <u>2/</u>	Feb. 25, 1965	361,167	99.0
Fire-cured ('67-'69 crops)	Feb.13-17,1967	13,783	93.5
Dark air-cured ('67-'69 crops)	Feb.13-17,1967	13,695	93.0
Cigar-binder ('66-'68 crops)	Feb. 10, 1966	354	96.6
Cigar filler & Binder ('66-'68 crops)	Feb. 10, 1966	3,659	91.3
Va. sun-cured ('65-'67 crops)	Feb. 25, 1965	1,169	97.5
Pa. cigar filler ('65-'67 crops)	Feb. 18, 1965	3,206	11.8 <u>1/</u>
Maryland ('67-'69 crops)	Feb.20-24,1967	6,375	61.0 <u>1/</u>

1/ Quotas disapproved, since not favored by at least two-thirds of total votes.

2/ In a mail referendum Feb. 27-March 3, 1967, only 58.8 percent of the 341,539 growers voting approved the new acreage-poundage program for 1967-69 burley tobacco crops. Approval by "more than two-thirds" was required.

VOLUNTARY DIVERSION PROGRAMS

Wheat Program

The Food and Agriculture Act of 1965 authorized a voluntary wheat (acreage-diversion and marketing certificate) program for 1966-69 wheat crops and exempted these crops of wheat from marketing quotas. However, no acreage diversion is provided under the 1967 wheat program, and the increased wheat allotment gives farmers the opportunity to boost their wheat plantings.

1967 Program

The 1967 voluntary wheat program includes price-support loans and marketing certificates. It is again designed to maintain wheat income, stabilize wheat supplies, and keep program costs down as well as meet increased demands for the crop.

The program also provides for: (1) Substitution of wheat for feed grains or feed grains for wheat by growers who take part in both programs; (2) where requested by the grower for the purpose of substituting wheat, the establishment of a barley base and an oats-rye base for a farm with production history of these crops; and (3) storage under proper security of wheat produced in excess of the farm allotment (not to exceed 150 percent of the allotment) by growers who at signup time declare their intention to do this.

Program benefits to producers who take part and qualify include:

1. Price-support loans averaging \$1.25 a bushel nationally on their entire farm wheat production (except any wheat stored under the excess provision).
2. Domestic marketing certificates based on 100 percent of parity as of July 1, 1967, less the announced price-support loan level of \$1.25 per bushel. The certificates will be available on a maximum of 35 percent of the projected production of the farm allotment.

For producers who use the substitution provision or request a barley base or an oats-rye base, wheat may be planted on feed grain acreage on farms participating in both programs. Feed grains (corn and grain sorghum) may be planted on wheat allotment acreage provided neither a barley nor an oats-rye base is in effect for the farm.

To qualify for price support and certificates under the 1967 wheat program, the producer signs up, has an acreage of wheat no larger than the farm allotment (unless he plans to use the excess storage provision or the substitution privilege), keeps within the wheat allotment or permitted acreage for any other farm in which he has an interest, keeps within all other allotments established for the participating farm, and meets other provisions of the program.

If the producer wants to substitute wheat for feed grains, or vice versa, he signs up in both programs, keeps the total acreage of wheat and feed grains within the total permitted acreage for both crops, devotes to conserving uses the farm's usual acreage of cropland devoted to such use (the conserving base) plus the acreage signed up for diversion from feed grains, and otherwise meets provisions of the programs.

Planting wheat on feed grain acreage will not increase the wheat certificates issued for a farm.

Growers declaring their intention to do so may overseed wheat up to 50 percent of the farm's 1967 wheat allotment and still be eligible for a price-support loan (on all but the "excess" wheat) and for marketing certificates if they store the excess production under proper security, and meet other provisions of the program. Wheat stored under this provision may be released later, based upon future underplanting or underproduction of the farm wheat allotment.

Growers overseeding and storing excess wheat will not be eligible (1) to substitute wheat for feed grains or feed grains for wheat, or (2) to have a barley or an oats-rye base established for their farm.

The signup period for 1967 wheat (as well as the feed grain and upland cotton) program is February 6 through a deadline (not later than March 17) to be set by the ASC State Committee. Filing an intention to participate during this period is a necessary first step for the operator to qualify his farm's wheat for price-support loans and marketing certificates.

Feed Grain Program

The Food and Agriculture Act of 1965 authorized an acreage-diversion program for the 1966-69 crops of feed grains as a means of continuing progress in stopping the buildup of excess stocks, reducing program costs, and raising farm income by assuring fair prices for feed grain producers and providing a basis for stability for livestock prices. (Similar feed grain programs have been authorized by special legislation since 1961.)

Loans and price-support payments for 1967 will be available to the grower of corn and grain sorghum for reducing his acreage of one or both of the feed grains 20 percent below the farm's total base acreage and devoting the diverted acreage to an approved conserving use. Payments for diversion will be available only to growers on small farms.

Farms with feed grain bases of 25 acres or less will be eligible for land-diversion payments equal to 20 percent of the total support (loans plus price-support payments) for the qualifying diversion (20 percent of the base acreage) and 50 percent of the support on any additional acres diverted, up to the total base. Producers who have bases of more than 25 acres -- but not more than 125 acres -- and who divert 25 acres and plant no feed grains will be eligible for diversion payment on 5 acres at 20 percent of the support and on 20 acres at 50 percent of the support.

A producer with more than one farm may limit his participation to one farm. However, planting in excess of the feed grain base on any other of his farms will disqualify the producer for payments and price supports on the signed-up farm.

The price-support payment will be made on the projected yield of up to 50 percent of the base acreage. In addition, the entire production from the permitted feed grain acreage will be eligible for a price-support loan.

The 1967 price-support loan and payment division will be as follows:

	<u>Loan Rate</u>	<u>Payment Rate</u>	<u>Total Support</u>
Corn (per bu.)	\$1.05	\$0.30	\$1.35
Grain sorghum (per cwt.)	1.61	0.53	2.14

Eligibility for program payments is conditioned upon the producer's maintaining the farm's conserving base in conserving uses or practices, including summer fallow and idle land on the farm. Acreage diverted from feed grains and devoted to conserving uses in 1967 is in addition to the conserving base acreage for the farm.

Where a producer is signed up for both the wheat and feed grain programs, wheat may be substituted for feed grains or feed grains for wheat within the total permitted acreage. Price-support loans and purchases will be available on the entire production of wheat and feed grains. However, price-support payment for feed grains will be limited to the smaller of (a) the acreage planted for harvest or (b) 50 percent of the feed grain base; the wheat certificates will be limited to the farm's share of the domestic marketing allocation (35 percent of the projected production of the farm wheat allotment).

Producers may also request establishment of an oats-rye base or a special barley base for their farms for the purpose of growing wheat on such acreage. If this is established, plantings of corn and grain sorghums may not exceed the feed grain permitted acreage.

In 1967, growers who choose to accept reduced payments may plant alternate nonsurplus crops on the minimum diverted acreage of 20 percent of the feed grain base. Such crops are castor beans, guar, sesame, plantago ovata, mustard seed, and crambe.

Feed grain acreage signed up for diversion in 1966 totaled 36.2 million acres on 1.5 million farms.

(For signup information, see end of wheat program description, page 10.)

The Upland Cotton Program

The Food and Agriculture Act of 1965 authorized a national "domestic acreage allotment" program for 1966-69 crops of upland cotton. The purpose was to reduce upland cotton production through additional voluntary reductions in planted acreage.

The 1967 Program

For 1967, with marketing quotas in effect -- as approved by farmers in a referendum -- growers will be able to earn diversion payments for reducing upland cotton acreage by from 12.5 to 35 percent below the farm allotment and putting the acreage into an approved conserving use. The diversion payment at the rate of 10.78 cents per pound will be based on the farm's projected yield for the diverted acreage. For small farms with effective allotments of 10 acres or less from which allotment acreage is not released for 1967, or on which the projected production of the farm allotment is not more than 3,600 pounds, no acreage reduction is required in order to receive program benefits.

Growers who choose to accept reduced payments may plant alternate nonsurplus crops on cotton diverted acres. For 1967, such crops are castor beans, guar, sesame, plantago ovata, mustard seed, and crambe.

Price-support loans for Middling one-inch cotton at a national average of 20.25 cents per pound, gross weight, at average location, will be available to participating growers, as well as price-support payments. This payment at the rate of 11.53 cents a pound will be based on the farm projected yield times the acreage planted for harvest within the domestic allotment (65 percent of the effective allotment). The effective allotment is the farm allotment after any release or reapportionment. This payment helps compensate farmers for reducing production and sales by taking part in the domestic allotment program.

(For signup information, see end of wheat program description, page 10.)

Price Support

Price support is mandatory for the basic crops (wheat, cotton, corn, rice, peanuts, and tobacco); the only exception is no support is available for tobacco if quotas have been disapproved by growers.

If growers disapprove marketing quotas for peanuts, upland cotton, extra long staple cotton, rice (or wheat in years when marketing quota provisions are in effect), price support for that commodity is made available by law at 50 percent of parity. (Special legislation exempts 1966-69 wheat crops from marketing quotas.) Quotas do not apply to corn. Eligibility for price support on all of the basic crops (except corn) depends on not exceeding the acreage allotment for that crop. (Allotments do not apply to corn.) Price support may be made available to noncooperators at such levels, not in excess of the level of price support to cooperators, as the Secretary of Agriculture determines will facilitate the effective operation of the program.

For feed grains in 1967, a grower of corn or grain sorghum may qualify for price support on these crops by participating in the feed grain program. This means reducing the total acreage of corn or grain sorghum at least 20 percent below the total farm base and shifting this diverted acreage to a conserving use, and meeting other provisions of the program.

Support Levels

For the 1966-69 wheat crops, the Food and Agriculture Act of 1965 authorizes a certificate-type program without regard to quotas. Price support for wheat covered by domestic certificates (estimated to be the wheat needed for domestic use) shall be at 100 percent of parity or as near thereto as the Secretary determines practicable. Support for wheat not covered by marketing certificates is at such level, not in excess of the parity price, as the Secretary determines appropriate, taking into consideration competitive world prices of wheat, the feeding value of wheat in relation to feed grains, and the level at which price support is made available for feed grains. (See explanation of 1967 wheat program, p. 8.)

Price-support levels for peanuts may range from 75 to 90 percent of parity, the minimum depending on the level of supply at the time of the determination. The range of support for extra long staple cotton is between 60 and 75 percent of parity. For upland cotton and rice (see also next two paragraphs), the maximum level of support is 90 percent of parity and the minimum level is 65 percent of parity.

For the 1967-69 crops of upland cotton, legislation provides that price support be available through loans at such level (not exceeding a level which will reflect for Middling 1-inch upland cotton at average U. S. location 90 percent of the estimated average world market price for such cotton for the crop's marketing year) as the Secretary determines will provide orderly marketing of cotton during the harvest season and will retain an adequate share of the world market for U. S. cotton, taking into account certain specified factors. As announced for the 1967 upland cotton crop, participating growers may qualify for price-support payments in addition to the basic cotton loans; the payments are based on the projected yield of the cotton acreage planted for harvest within the farm's domestic allotment.

For the 1966 and 1967 rice crops, provisions of the law also in effect direct price support for the various varieties at levels no lower than those for the 1965 crop.

On tobacco crops for which quotas have not been disapproved, legislation directs that the support level be determined by adjusting the 1959 support level upward or downward in proportion to changes in the parity index (prices paid by farmers, including interest, taxes, and wage rates), using the previous 3-year moving average. (Thus, the "change in the parity index" will be determined according to the ratio of the average prices that farmers paid during the previous 3 years to the average prices paid in 1959. The 1959 support level multiplied by this ratio will be the support level for the current crop.)

For corn, legislation provides that, in the case of any crop for which an acreage diversion program is in effect for feed grains, the level of price support for corn of such crop shall be at such level not less than 65 per centum or more than 90 per centum of the parity price therefor as the Secretary determines necessary to achieve the acreage reduction goal established by him for the crop. A portion of the support price for any feed grain included in the acreage diversion program may be made available to producers through payments in kind in order to assure that those producers who cooperate in reducing their acreages of feed grains may primarily receive the benefits of the price support and diversion programs. (See explanation of 1967 feed grain program, page 10.)

Price supports for the other feed grains, by law, are determined according to the parity price level which the Secretary determines is fair and reasonable in relation to the level at which price support is made available for corn, and taking into consideration the feeding value of such commodity in relation to corn and certain other factors, including supply in relation to demand, the ability of the Commodity Credit Corporation to dispose of stocks acquired under price support, the ability and willingness of producers to keep supplies in line with demand, and support levels for other commodities.

In the event of an emergency, the Secretary of Agriculture may increase the support above the specified parity level for any needed crop.

(This publication does not attempt to cover price supports for other agricultural commodities -- either mandatory or permissive. This section merely gives the highlights on support authorization for crops for which "production adjustment" programs are in effect.)

Soil Bank

Farmers took part in the Conservation Reserve of the Soil Bank by voluntarily contracting with the Commodity Stabilization Service (the predecessor of ASCS) to "reserve" -- or withdraw -- a stated acreage of their cropland from production for a period of 3, 5, or 10 years, and to devote it to an approved conservation practice. For this, the farmer received conservation cost-sharing and technical assistance in addition to annual payments to compensate for the loss of income the acreage would otherwise produce.

The Conservation Reserve was begun in 1956, and authority to put new land in the program ended with the 1960 program.

As of January 1, 1967, a total of 11 million acres were still included in this program. Annual payments will continue to be made for the term of the contracts in effect. All except a few special forestry cases will expire by the end of 1969.

Cropland Conversion Program

Under a land-use adjustment program authorized on a test or pilot basis by the Food and Agriculture Act of 1962, farmers are being assisted in converting cropland to other income-producing uses which also conserve soil and water resources. The program encourages profitable alternative uses of cropland which has been producing row crops and small grains that are not now needed. The Secretary of Agriculture enters into agreements with farmers to convert cropland for a period of 3 to 10 years to grass, forests, water storage, wildlife habitat, or recreational facilities.

Under the 1963-66 programs, about 9,000 agreements were put into effect on about 475,000 acres in 260 counties of 41 States.

Farmers who participate in the program receive adjustment payments, cost-sharing payments, and technical assistance. The program is administered by ASC committees with technical assistance provided by the Soil Conservation Service and the Federal or State forestry agencies.

The announced 1967 program will permit the acceptance of 3-year agreements on about 125,000 acres of additional cropland.

Cropland Adjustment Program

The Cropland Adjustment Program, authorized by the Food and Agriculture Act of 1965, seeks to shift cropland producing crops in actual or potential surplus (mostly cotton and feed grains in 1967) into long-term (5 to 10 years) conservation, recreational, and open space uses. The program also emphasizes assistance to those farmers who because of age, off-farm employment, or other personal adjustment reasons desire to reduce their farming operations.

Accepted agreements are paid at a rate determined by the crop diverted and the productivity of that crop on the farm. Additional payments may be made, where offered, under agreements which permit free public access to designated acreage for hunting, trapping, fishing, and hiking. Participants agree to divert all of at least one of their bases or allotments and can then divert other crop bases and allotments.

The program's Greenspan provision makes grants to local and State governments to help them acquire cropland for nonfarm uses such as preservation of open space and natural beauty, wildlife habitat, recreation, and prevention of air and water pollution. By late March 1967, about 28 such grants had been approved.

In 1966, more than 36,000 CAP farm agreements were signed by farmers in 46 States to place about 2 million acres of cropland in the CAP.

The signup scheduled for the 1967 CAP was from late in 1966 through March 3, 1967. The national goal of 2 million additional acres established for 1967 was quickly oversubscribed.

Sugar Program

The Sugar Act of 1948, as amended, is designed to protect the welfare of the domestic sugar industry, to provide adequate supplies of sugar for consumers at fair prices, and to promote international trade.

The Secretary of Agriculture is required to establish proportionate shares (farm allotments) for sugar beets or sugarcane of any crop if he determines that in the absence of restrictions the production of sugar from such crop would be greater than the quantity needed to fill the area quota and provide a normal inventory. Farm allotments may be expressed either in acres, tons of sugarcane or beets, or quantity of sugar. Direct payments are made to such producers provided they keep their marketings within their proportionate shares and also meet certain child labor, wage, and price requirements prescribed by law.

Proportionate shares are in effect for the 1967 sugarcane crop in the mainland cane sugar area (Florida and Louisiana) but not for the 1967 sugar beet crop.

PROGRAM ADMINISTRATION

ASCS farm programs are administered in the field by Agricultural Stabilization and Conservation (ASC) farmer-committeemen.

ASC State committees consist of from three to five farmer-members appointed by the Secretary of Agriculture for a period of one year. ASC county and community committees are elected by farmers who are participating or are eligible to participate in the program.

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